

**Department of Human Services  
Trust Fund 7290 Independent Review**

<i>Office:</i> _____	<i>Date:</i> _____
<i>Custodian:</i> _____	<i>Custodian</i> _____
<i>Reviewer/ Position:</i> _____	<i>Supervisor:</i> _____
	<i>Period</i> _____
	<i>Reviewed:</i> _____

**PURPOSES**

The Independent Review is a management monitoring procedure to provide reasonable assurance of the proper administration of each client's trust account. The reviewer should have fiscal expertise and be independent from any trust account activity.

**REVIEW PERIOD**

The Independent Review should be conducted by the appointed reviewer on a half-yearly basis to review the entire previous six months of activity.

**SAMPLING METHOD**

This review adopts a sample selection process whereby samples are selected indiscriminately and without bias. Each item in the population has an opportunity to be selected. A sample will be selected without requiring a statistic tool for the random selection.

**REPORTING**

For each question mark either Y (yes), N (no), or N/A (not applicable) in the applicable column of the table. For any N or N/A response, explain in the comments box how or why the response did not comply with policy, or why the question was not applicable. Also record in the comments box any additional information requested as part of the question, or any other information that is found to be important or that is needed to further clarify a response or situation.

Use the applicable schedules A-D to complete and document the findings for each examination.

The reviewer should complete the Independent Review in the month and a half following the end of each six month period, and must submit a copy of the review to the Trust Fund Coordinator by February 15 and August 15 after the end of each period.

## Section I: Custodian/Custodians Supervisor

**Objective:** To ensure that the Custodian understands the responsibilities of proper management for Client's trust funds.

#	Review Question	Y,N, N/A	Comments
1.1	Were all exceptions listed in the summary of the previous Independent Review corrected? (If no, list any uncorrected exceptions)		
1.2	Is the custodian able to locate the department trust fund policies?		
1.3	Are the blank and prewritten checks kept in a safe? (If yes, list the location of the safe and any foreseen problems)		
1.4	Are individuals with the combination to the safe limited to an as needed basis? (List names of those with access and their reason for having it)		
1.5	Are deposits made within three days after they are received?		
1.6	Are outstanding checks over 90 days old stale-dated? (Have custodian describe the stale-dating process)		
1.7	Is the signature card current?		
1.8	Are there any signers on the signature card the custodian is not aware of?		
1.9	Are changes to the signature card made through OFO? (Compare custodian's card with the card acquired from OFO and list any differences)		
1.10	Are all Form 298s signed by the caseworker?		
1.11	Do all Form 298s above \$500 include the signature of the caseworker's supervisor?		
1.12	Are caseworkers provided with client account statements or caseworker reports on a monthly basis? (If yes, list the provided report)		
1.13	What is done with the remaining balance in a closed account?		
1.14	Are accounts marked as "other income" type accounts when they are closed?		
1.15	Who completes the representative payee report from social security?		
1.16	Is it completed, signed, and filed in a timely manner?		
1.17	Who completes the VA report from Veterans Administration?		

1.18	Is it completed, signed, and filed in a timely manner?		
1.19	What information do you look for and verify when signing the monthly reconciliation? (Ask this question to the custodian's supervisor)		
1.20	What is the procedure for handling the receipt of checks for closed accounts?		
1.21	Who receipts and endorses checks in your office? (Ask questions 2.1 – 2.2 to this individual)		
1.22	Who safeguards received checks/cash until deposited? (As questions 2.3 – 2.6 to this individual)		

## Section II: Cash/Check Receptor

**Objective: To verify the receptor's understanding and execution of the proper care of receipted checks and deposits so that all received checks are receipted correctly and deposited on a timely basis.**

#	Review Question	Y,N, N/A	Comments
2.1	Are checks immediately endorsed once they are received?		
2.2	Describe procedure for opening, receipting, and endorsing mail.		
2.3	Are checks/cash kept in a safe until deposited?		
2.4	List those with access to the safe and their reason for having it. (List only if this is a different safe than in question 1.4)		
2.5	Are checks deposited within three days after they are received?		
2.6	Are all undeposited checks properly safeguarded and endorsed? (View any available undeposited checks)		

Ideally, the Trust Custodian who maintains the accounting records and processes disbursements should not be handling incoming clients' checks and cash. Two people should be present when opening, receipting, and endorsing mail. The Trust Custodian should receive from those handling and depositing the actual money, the receipt information (receipt stubs, deposit slip, etc.) for use in posting the receipts to the Trust System and for filing the receipt information in the Client files.

It is understood that procedures may vary depending upon practicality, the number of staff available, significance of receipts, etc. Although ideal circumstances might not be practical, some reasonable procedures should be put into place to help safeguard the client assets. The above suggestions should be implemented as much as possible. Compensating controls need to be in place to make up for areas where the office may not be able to comply. The reviewer should look at these controls and ensure their adequacy to compensate for the lack of separation of duties.

For suggestions regarding adequate procedures, compensating controls, and tools to assist in the initial receipting process contact the Bureau of Finance or the Bureau of Internal Review and Audit.

### Section III: Case Worker/Case Worker Supervisor

**Objective: To ensure that Caseworker understands the responsibilities of tracking and managing individual accounts, and effectively provides for Client's needs.**

#	Review Question	Y,N, N/A	Comments
3.1	What are your responsibilities in managing this account?		
3.2	Do you initiate and sign all Form 298s for your clients?		
3.3	Do you obtain the signature of your supervisor for amounts over \$500?		
3.4	Do these transactions appear to be properly posted and reasonable? (Show them the transaction detail you received from the custodian)		
3.5	Do you review the client's account on a monthly basis? If yes, what tool do you use, and what do you look for?		
3.6	Who completes the representative payee report from social security? (Ask only if not answered in question 1.12)		
3.7	Is it completed, signed, and filed in a timely manner?		
3.8	Who completes the VA report from Veterans Administration? (Ask only if not answered in question 1.13)		
3.9	Is it completed, signed, and filed in a timely manner?		
3.10	Do you notify the custodian of the closure of each client's account?		
3.11	Do you notify the custodian of a client's account that has been inactive for 6 months or more?		
3.12	In cases of property management, do the client files contain a power of attorney allowing the department to act as an agent? (If no, list who has the power of attorney and why)		
3.13	Is there adequate documentation in the files to support transactions involving the disposition of client assets? (i.e., property appraisals, costs and fees related to disposition, etc.)		
3.14	Is there adequate documentation in the files detailing the current location of retained assets and plans for their future disposition?		

3.15	What is the procedure for the distribution of a deceased client's assets?		
3.16	Do you monitor each client's account to ensure that no benefits are lost by exceeding the \$2000 Medicaid limit?		

**Section IV: Check Signer**

**Objective: To ensure the Check Signer is a controlling factor for the accuracy and necessity of fund disbursements to Client.**

	Review Question	Y,N, N/A	Comments
4.1	Judgmentally select one of the check signers from the authorized list, and have them describe how they verify whether the checks which they sign are reasonable and supported with adequate documentation?		

## **Section V: Fund Disbursements (Checks)**

**Objective:** To verify that checks are accurate, properly authorized, benefit the client solely, and are properly documented.

### **Sample Size**

Using the sampling method described on the front page, randomly select the required sample size of checks from the checks register. Complete **Schedule A “Test of Trust Fund Disbursements”** with the following instructions.

**5.1 Item: Supporting Documentation tying to selected checks (examples include: Receipts, Budgets, Contracts, Bills, Cost of Care, etc.)**

Every purchase or expense needs to have a supporting document validating the client's purchase or need of the expense. Use the documentation to validate the actual expense and corresponding need of the client.

**5.2 Item: Form 298s**

A Form 298 must exist before a check can ever be cut. Document that each Form 298 exists and has been properly authorized. A Form 298 under \$500 must be signed by the appropriate caseworker. If the amount is over \$500, both the caseworker and the caseworker's supervisor must sign the Form.

**5.3 Item: Supporting Documentation - Form 298s - Check register - Actual returned checks for all checks in the sample**

Document for each transaction that the amount and the provider remain the same across the supporting documentation, Form 298, check register, and the actual check.

**5.4 Item: Signature Card**

Use the signature card to document that the checks were authorized properly. A properly authorized check must have two signatures. Each signature must be on the signature card, and neither signature on the check may be on the Form 298.

## Section VI: Fund Receipts (Deposits)

**Objective:** To ensure that all of the client's trust money is distributed in an accurate and timely manner, and that all received checks are deposited.

### Sample Size

Using the sampling method described on the front page, randomly select the required sample size of clients from the client alpha. Complete **Schedule B "Test of Trust Fund Receipts"** with the following instructions.

**6.1 Item: SSI or SSA amounts for each sampled client – Deposit Detail for each sampled client**

Compare the Deposit Detail with the SSI or SSA grant amount, and document that the entire amount of the granted SSI/SSA has been deposited into the client's account as often as was required.

6.2 Using the Deposit Detail again, document any other consistent, required support. Ensure that if there is another form of mandatory payment, such as family support, that it has also been deposited into the client's account in accordance with the obligation.

**6.3 Item: Receipt Writer Report – Deposit Receipt – Deposit Detail for each sampled client**

Select one deposit for each sampled client on Schedule B. Compare the dates and amounts of each of the above items to ensure the timely deposit and accurate posting of each selected deposit. Look to see that all deposits are made within 3 days of receipt, that deposits are entered into Quickbooks within a reasonable time period after the deposit, and that all amounts from each report are consistent from beginning to end.

For those offices with direct deposit, there will be no record in the receipt writer report or a deposit receipt to document the deposit. The date receipted will be the same as the date deposited which will be documented by the report received from Wells Fargo. Use this report in place of the receipt writer report and deposit receipt to compare dates and corresponding amounts with the client's deposit detail to determine whether the deposit was made on a timely basis and whether all amounts are consistent.

In rare cases where payments are direct deposited into the wrong account, no report is generated by Wells Fargo for the transaction. In such cases, the Custodian will receive an email from the Trust Fund Coordinator informing them of the deposit and its recipient. Like the Wells Fargo report, this email can be used in place of the receipt writer report and deposit receipt as the base documentation in which to compare dates and amounts. The date of the email notifying the custodian of the deposit should be used when determining whether a timely deposit has been made since the custodian is unaware of the deposit's existence until after the receipt of the email.

## Section VII: Voiding Checks

**Objective:** To verify that voided checks are handled properly to ensure that the clients' money is only benefiting the client.

### Sample Size

Using the sampling method described on the front page, randomly select the required sample size of voided checks from the voided check report. Complete **Schedule C "Test of Trust Fund Void and Outstanding Checks"** with the following instructions.

#### 7.1 Supervisor Approval

The custodian's supervisor must approve the voiding of any check before it can be voided. Documentation of this approval must accompany all voided checks. Determine if such approval is present for each sampled voided check. Provide an explanation for each item where approval is missing.

#### 7.2 Stop Payment Documentation

For each sampled voided check, determine if a stop payment is required. Document whether each voided check requiring a stop payment is documented with a stop payment receipt. Provide an explanation as to why a stop payment was not issued if one was required.

#### 7.3 Void or Other Documentation

List any additional documentation, such as the actual voided check or Quickbooks printout, that may serve as proof that the check was in fact voided and not cashed. If there is no supporting documentation of any kind, gain an explanation from the custodian as to why the check was voided and the reason for the lack of documentation.

#### 7.4 Item: Ending months reconciliation

Using the ending month's reconciliation, examine the outstanding checks and deposits section. Document on **Schedule C** any check number that has been outstanding for more than 90 days along with the date it was originally issued. List them as outstanding checks in the explanation box.



## **Section VIII: Miscellaneous**

**Objective:** To ensure that various aspects of the Trust Account have been handled and are maintained properly.

### **8.1 Item: Client alpha**

Using the period ending client alpha report, look for negative account balances. If any negative balances are found, remind the custodian that the client's account must contain sufficient funds to cover the expense before a check can be written. Document each negative account as an exception that needs to be corrected in the summary.

### **8.2 Item: Signature Card**

Use the signature card to complete **Schedule D "Test of Trust Fund Check Signers"** to test the controls accompanying the check signers.

### **8.3 Item: Missing/Duplicate check report**

Examine the duplicate checks on the missing /duplicate check report. Look for any duplicate checks where the vendors are different or where both amounts are either positive or negative. Document any finding as an exception that needs to be corrected in the summary.

### **8.4 Item: Interest report**

Document in the summary any inactive account as an item that needs to be corrected. Inactive accounts are accounts that have had no activity in the past six months. Remind the custodian to contact the caseworker concerning these clients.

### **8.5 Item: Monthly reconciliation report**

Examine all of the monthly reconciliation reports. Ensure that both the custodian and their supervisor have signed each one, and that it was submitted to the Trust Account Coordinator by the 15th of each following month. For any exceptions, remind the custodian of correct policy in the summary.

### **8.6 Item: Interest deposit detail - Interest allocation**

Compare the Interest allocation reports with the corresponding deposit details for each quarter during the review period. Ensure the deposit detail's accuracy by spot checking at least 5 deposits to ensure that they match the amounts listed on the allocation report. Highlight any exceptions and include them as items to be corrected in the summary. Increase the sample size as discrepancies are found.

### **8.7 Item: Other income report**

Examine the other income report. Ensure that there are no accounts listed with a positive or negative balance. Highlight any account that does not have a zero balance, and document any exceptions as items that need to be corrected in the summary.

## **Section IX: Summary**

The summary serves as a summation of the review that specifies at a glance the corrective action needed before the next review, in addition to any reminders of policy, recommendations, or recognition of exceptional conduct.

In the first section, list any finding that can and must be corrected, including those items found in question 1.1 that remain uncorrected from the previous review, or any outstanding item that should be reviewed at the beginning of the next review. Start by referencing the number in the review where the exception was found. List the name of the individual that will be making the correction, and detail the required action to correct the problem. This becomes the checklist of items reviewed in question 1.1 of the following review.

The second section is reserved for findings that are cause for concern but do not require the correction of past errors. Reminders of policy for minor findings should also be listed here. Detail what the finding was and the proper policy or procedure required to be followed in the future.

The last section is for any recommendations the reviewer may have to improve efficiency, or any compliments the reviewer feels are deserved for exceptional conduct.

Review the summary with all parties involved to view the exceptions, discuss corrective action, review policy issues, recommendations, and exceptional conduct.

## **Section X: Review Report**

After completing the Independent Review and discussing the results consolidated in the summary with all involved parties, the Trust Custodian and the Custodian's Supervisor should sign the form below indicating that the results of the review were discussed with them, and that they had the opportunity for input. Their signatures do not mean that they necessarily agree with the observations.

Trust Custodian: \_\_\_\_\_

Date: \_\_\_\_\_

Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

After completing the review, sign and date the form below and communicate any suggestions or significant issues to Ryan Nilsen, DHS Trust Fund Coordinator. Also send a copy of this form and the related summary to Ryan Nilsen, Bureau of Finance, Department of Human Services, 120 North 200 West, Room 213, Salt Lake City, Utah 84103.

Reviewer: \_\_\_\_\_

Date: \_\_\_\_\_